



CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

AUDIT REPORT

AT

DECEMBER 31, 1975

TRANSPORTATION
CENTER LIBRARY

RAN

RAN
RE
9797.7C4
C532aa
1975

BANSLEY AND KIENER
CERTIFIED PUBLIC ACCOUNTANTS
300 WEST WASHINGTON STREET
CHICAGO, ILLINOIS 60606

ALASKA
PRINTING
CENTER
1975

HE
9797.7CY
CS32
1975
a.1



3 5556 029 780186

BANSLEY AND KIENER
CERTIFIED PUBLIC ACCOUNTANTS
300 WEST WASHINGTON STREET
CHICAGO, ILLINOIS 60606
AREA CODE 312 263-2700

June 18, 1976

JOLIET OFFICE:
168 NORTH OTTAWA STREET
JOLIET, ILLINOIS 60431
AREA CODE 815 726-7361

To the City Council of the
City of Chicago, Illinois

We have examined the balance sheet of Chicago-O'Hare International Airport as of December 31, 1975, and the related statements of revenue and expense, changes in reserves, changes in contributions, and changes in retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We also made reference to the authorizing ordinance to determine that accounting transactions reflected in the attached financial statements were within the scope of the authority.

In our opinion, the accompanying financial statements, together with our notes pertaining thereto, present fairly the financial position of Chicago-O'Hare International Airport as of December 31, 1975 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles and, except as stated in Note 1C3, the applicable provisions of the Revenue Bond Ordinance, applied on a basis consistent with that of the preceding year.

Bansley and Kiener

Certified Public Accountants

B
DECLIQUIDATION AND RETAINED EARNINGS

CURRENT ASSETS:

Operation and Maintenance Account	ent Assets) :	
Cash - City Treasurer	the Year	\$ 4,676,000.00
Cash - Bank Trustee		10,501,901.57
U.S. Treasury Bills (Note 1A)		2,276,398.87
Accounts Receivable (Note 1B)		\$ 17,454,300.44
Less - Allowance for Doubtful	Restricted Assets) :	
Due from Other Funds		\$ 547,204.02
Prepaid Insurance		<u>599,615.44</u> 1,146,819.46
Total Current Assets		\$ 18,601,119.90

RESTRICTED ASSETS:

Special Accounts:		
Cash - City Treasurer	\$ 4	\$154,223,000.00
Cash - Bank Trustee		<u>4,676,000.00</u> 149,547,000.00
U.S. Treasury Bills (Note 1A)	20	\$ 16,742,000.00
U.S. Treasury Notes (Note 1A)	23	2,631,170.41
Accrued Interest Receivable on U.S. Treasury Notes		1,356,153.97
Due from Operation and Maintenance Account	2	25,392,160.56
Construction Accounts:		4,648,437.50
Cash - City Treasurer	\$	36,010.00
Cash - Bank Trustee		<u>4,348,448.85</u>
U.S. Treasury Bills (Note 1A)	4	
Total Restricted Assets		55,154,381.29

FIXED ASSETS: (Notes 1C and 1D):

Land		5,855,477.75
Buildings and Other Facilities	\$ 286	
Less - Allowance for Depreciation	105	
Construction in Progress		
Total Fixed Assets		84,415,346.77

OTHER ASSETS:

Deferred Engineering Costs		
Less - Amortization		
Total Assets	Contributions and	
		<u>\$313,573,325.71</u>

Note - Retained Earnings include red income to reduce 1976 flight fees.
 Note - Contract commitments to be 31, 1975.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

BALANCE SHEET
DECEMBER 31, 1975

ASSETS

CURRENT ASSETS:

Operation and Maintenance Account:

Cash - City Treasurer	\$ 6,560,695.33
Cash - Bank Trustee	604,142.55
U.S. Treasury Bills (Note 1A)	3,039,057.94
Accounts Receivable (Note 1B)	\$ 9,196,202.05
Less - Allowance for Doubtful Accounts	<u>2,093,838.37</u>
Due from Other Funds	7,102,363.68
Prepaid Insurance	121,872.63
	439,160.65
	<hr/>
Total Current Assets	\$ 17,867,292.78

RESTRICTED ASSETS:

Special Accounts:

Cash - City Treasurer	\$ 33,817.93
Cash - Bank Trustee	4,992,698.00
U.S. Treasury Bills (Note 1A)	20,580,296.12
U.S. Treasury Notes (Note 1A)	23,018,398.45
Accrued Interest Receivable on U.S. Treasury Notes	451,527.09
Due from Operation and Maintenance Account	<u>2,276,398.87</u>
	\$ 51,353,136.46

Construction Accounts:

Cash - City Treasurer	\$ 93,622.61
Cash - Bank Trustee	25,177.06
U.S. Treasury Bills (Note 1A)	<u>4,829,264.62</u>

Total Restricted Assets

56,301,200.75

FIXED ASSETS: (Notes 1C and 1D):

Land	\$ 48,506,553.06
Buildings and Other Facilities	\$ 286,385,782.20
Less - Allowance for Depreciation	<u>105,849,136.64</u>
Construction in Progress	180,536,645.56

Total Fixed Assets

239,160,574.69

OTHER ASSETS:

Deferred Engineering Costs	\$ 1,226,701.79
Less - Amortization	<u>982,444.30</u>

Total Assets

\$313,573,325.71

Note - Retained Earnings include \$5,088,992.34 which represent, in accordance with the Revenue Bond Ordinance, deferred income to reduce 1976 flight fees. Note - Contract commitments to be financed by the Operation and Maintenance Account totaled \$7,774,015.10 at December 31, 1975.

See notes to financial statements.

LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS

CURRENT LIABILITIES (Payable from Current Assets):

Revenue Bonds Payable - Due within One Year	\$ 4,676,000.00
Vouchers and Accounts Payable	10,501,901.57
Due to Special Accounts	2,276,398.87
	<hr/>

CURRENT LIABILITIES (Payable from Restricted Assets):

Special Accounts:	
Vouchers and Accounts Payable	\$ 547,204.02
Construction Accounts:	
Vouchers and Accounts Payable	<u>599,615.44</u>
	<hr/>

Total Current Liabilities

\$ 18,601,119.90

LONG-TERM LIABILITIES:

Revenue Bonds Payable (Note 2)	\$154,223,000.00
Less - Portion Due within One Year	<u>4,676,000.00</u>

149,547,000.00

RESERVES (Exhibit C):

Debt Service	\$ 16,742,000.00
Revenue Bond Retirement	2,631,170.41
Reserve Maintenance	1,356,153.97
Emergency Reserve	25,392,160.56
Matured Interest on Revenue Bonds	4,648,437.50
Matured Revenue Bonds	36,010.00
Construction	<u>4,348,448.85</u>

55,154,381.29

Total Reserves

CONTRIBUTIONS (Exhibit D):

City of Chicago	\$ 21,910,590.09
State and Federal	32,883,975.83
Public Utility, Concessionaire and Airline	<u>29,620,780.85</u>

84,415,346.77

RETAINED EARNINGS (Exhibit E)

5,855,477.75

Total Contributions

Total Liabilities, Reserves, Contributions and
Retained Earnings

\$313,573,325.71

CHICAGO-O'HARE

ANALYSIS OF
FOR THE YEAR

	Re Int	Matured Bonds	Revenue Bonds	Construction	Total
BALANCE - JANUARY 1, 1975	\$	-	\$8,263,027.21	\$52,635,870.78	
Add - Cash on Deposit with Bank Trustee at January 1, 1975		190,393.75		-	7,729,569.69
ADJUSTED BALANCE - JANUARY 1, 1975	\$	190,393.75	\$8,263,027.21	\$60,365,440.47	
Add:					
Allocation of Net Revenue \$8,700		-	\$	-	\$21,201,513.82
Interest Earned on Investments - Restricted		-	500,527.55	2,261,851.03	
Transfer from Debt Service Account		-	-	-	
Transfer from Revenue Bond Interest Account	(8,54)	-	-	-	
Total	\$ 15	-	\$ 500,527.55	\$23,463,364.85	
Balance	\$ 15	190,393.75	\$8,763,554.76	\$83,828,805.32	
Less:					
Purchase of Chicago-O'Hare International Airport					
Revenue Bonds	\$ 15	-	\$	-	\$ 8,978,296.63
Expenditures by Bank Trustee during 1975					
for Retirement of Bonds and Payment of Coupons		154,383.75		-	11,588,658.44
Expenditures from Reserve Maintenance Account		-	-	-	3,692,363.05
Expenditures for Fixed Assets Acquired with Revenue Bond Money		-	4,415,105.91	4,415,105.91	
Total	\$ 15	154,383.75	\$4,415,105.91	\$28,674,424.03	
BALANCE - DECEMBER 31, 1975	\$	36,010.00	\$4,348,448.85	\$55,154,381.29	

See notes to financial statements

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RESERVES
FOR THE YEAR ENDED DECEMBER 31, 1975

	Revenue Bond Interest	Debt Service	Revenue Bond Retirement	Reserve Maintenance	Emergency Reserve	Matured Interest on Revenue Bonds	Matured Revenue Bonds	Construction	Total
BALANCE - JANUARY 1, 1975	\$ -	\$17,722,624.00	\$ 8,086.29	\$3,663,002.88	\$22,979,130.40	\$ -	\$ -	\$8,263,027.21	\$52,635,870.78
Add - Cash on Deposit with Bank Trustee at January 1, 1975	-	-	-	-	-	7,539,175.94	190,393.75	-	7,729,569.69
ADJUSTED BALANCE - JANUARY 1, 1975	\$ -	\$17,722,624.00	\$ 8,086.29	\$3,663,002.88	\$22,979,130.40	\$ 7,539,175.94	\$190,393.75	\$8,263,027.21	\$60,365,440.47
Add:									
Allocation of Net Revenue \$8,701,980.28	\$ 9,576.00	\$10,452,736.72	\$1,160,000.00	\$ 877,220.82	\$ -	\$ -	\$ -	\$ -	\$21,201,513.82
Interest Earned on Investments - Restricted	-	-	-	225,514.14	1,535,809.34	-	-	500,527.55	2,261,851.03
Transfer from Debt Service Account	-	(990,200.00)	990,200.00	-	-	-	-	-	-
Transfer from Revenue Bond Interest Account	(8,543,536.25)	-	-	-	-	8,543,536.25	-	-	-
Total	\$ 158,444.03	\$ (980,624.00)	\$11,442,936.72	\$1,385,514.14	\$ 2,413,030.16	\$ 8,543,536.25	\$ -	\$ 500,527.55	\$23,463,364.85
Balance	\$ 158,444.03	\$16,742,000.00	\$11,451,023.01	\$5,048,517.02	\$25,392,160.56	\$16,082,712.19	\$190,393.75	\$8,763,554.76	\$83,828,805.32
Less:									
Purchase of Chicago-O'Hare International Airport									
Revenue Bonds	\$ 158,444.03	\$ -	\$ 8,819,852.60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,978,296.63
Expenditures by Bank Trustee during 1975	-	-	-	-	-	11,434,274.69	154,383.75	-	11,588,658.44
for Retirement of Bonds and Payment of Coupons	-	-	-	-	-	-	-	-	-
Expenditures from Reserve Maintenance Account	-	-	-	3,692,363.05	-	-	-	-	3,692,363.05
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	-	-	-	-	-	-	4,415,105.91	4,415,105.91
Total	\$ 158,444.03	\$ -	\$ 8,819,852.60	\$3,692,363.05	\$ -	\$11,434,274.69	\$154,383.75	\$4,415,105.91	\$28,674,424.03
BALANCE - DECEMBER 31, 1975	\$ -	\$16,742,000.00	\$ 2,631,170.41	\$1,356,153.97	\$25,392,160.56	\$ 4,648,437.50	\$ 36,010.00	\$4,348,448.85	\$55,154,381.29

See notes to financial statements.



CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL

ANALYSIS OF CHANGES IN CON-
FOR THE YEAR ENDED DECEMBER

	ity, ire ne	<u>Total</u>
BALANCE - JANUARY 1, 1975	.48	<u>\$71,557,301.96</u>
Add:		
Increase in Fixed Assets Acquired with:		
City Money	\$ 5,576,961.82	-
State and Federal Money (Note 1C2)	-	-
Public Utility, Concessionaire and		
Airline Money	.30	<u>9,161,656.30</u>
Total	.30	<u>\$14,738,618.12</u>
Balance	.78	<u>\$86,295,920.08</u>
Less:		
Provision for Depreciation	.93	\$ 1,831,505.23
Amortization of Deferred Engineering Costs		<u>49,068.08</u>
Total	.93	<u>\$ 1,880,573.31</u>
BALANCE - DECEMBER 31, 1975	.85	<u>\$84,415,346.77</u>

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 1975

	City of Chicago	State and Federal	Public Utility, Concessionaire and Airline	Total
BALANCE - JANUARY 1, 1975	<u>\$19,145,986.71</u>	<u>\$31,242,577.77</u>	<u>\$21,168,737.48</u>	<u>\$71,557,301.96</u>
Add:				
Increase in Fixed Assets Acquired with:				
City Money	\$ 5,576,961.82	\$ -	\$ -	\$ 5,576,961.82
State and Federal Money (Note 1C2)	(2,637,781.85)	2,637,781.85	-	-
Public Utility, Concessionaire and Airline Money	-		9,161,656.30	9,161,656.30
Total	<u>\$ 2,939,179.97</u>	<u>\$ 2,637,781.85</u>	<u>\$ 9,161,656.30</u>	<u>\$14,738,618.12</u>
Balance	<u>\$22,085,166.68</u>	<u>\$33,880,359.62</u>	<u>\$30,330,393.78</u>	<u>\$86,295,920.08</u>
Less:				
Provision for Depreciation	\$ 125,508.51	\$ 996,383.79	\$ 709,612.93	\$ 1,831,505.23
Amortization of Deferred Engineering Costs	49,068.08	-	-	49,068.08
Total	<u>\$ 174,576.59</u>	<u>\$ 996,383.79</u>	<u>\$ 709,612.93</u>	<u>\$ 1,880,573.31</u>
BALANCE - DECEMBER 31, 1975	<u>\$21,910,590.09</u>	<u>\$32,883,975.83</u>	<u>\$29,620,780.85</u>	<u>\$84,415,346.77</u>

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

ANALYSIS OF CHANGES IN RETAINED EARNINGS
DECEMBER 31, 1975

	Deferred Income to Reduce Future Flight Fees	City Equity	Total
BALANCE - JANUARY 1, 1975	<u>\$13,730,138.21</u>	<u>\$(5,058,566.66)</u>	<u>\$ 8,671,571.55</u>
Add:			
Increase in Fixed Assets Acquired with Revenue Bond Money	\$ -	\$ 4,415,105.91	\$ 4,415,105.91
Revenue Bonds Retired during 1975	- -	9,477,000.00	9,477,000.00
Total	<u>\$ -</u>	<u>\$13,892,105.91</u>	<u>\$13,892,105.91</u>
Balance	<u>\$13,730,138.21</u>	<u>\$ 8,833,539.25</u>	<u>\$22,563,677.46</u>
Less:			
Provision for Depreciation of Assets Acquired with Revenue Bond Money	\$ -	\$ 8,067,053.84	\$ 8,067,053.84
Decrease in Deferred Income to Reduce Future Flight Fees	<u>8,641,145.87</u>	- -	<u>8,641,145.87</u>
Total	<u>\$ 8,641,145.87</u>	<u>\$ 8,067,053.84</u>	<u>\$16,708,199.71</u>
BALANCE - DECEMBER 31, 1975	<u>\$ 5,088,992.34</u>	<u>\$ 766,485.41</u>	<u>\$ 5,855,477.75</u>

See notes to financial statements.

1. *Chlorophytum* L.

Chlorophytum Topographicum L.

1. *Chlorophytum* L.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

RECONCILIATION TO "NET REVENUES" AS DEFINED
IN REVENUE BOND ORDINANCE
FOR THE YEARS ENDED DECEMBER 31, 1975 AND 1974

	<u>Years Ended December 31,</u>	
	<u>1975</u>	<u>1974</u>
NET INCOME	\$ 1,641,904.80	\$ 7,613,812.65
ADD OR (DEDUCT) ADJUSTMENTS TO REFLECT ORDINANCE BASIS OF ACCOUNTING:		
Amounts Included Above in Deter- mination of Net Income:		
Depreciation	9,898,559.07	9,736,636.37
Amortization of Deferred Engineering Costs	49,068.08	49,068.08
Expenditures from Reserve Maintenance Account	3,692,363.05	2,734,968.32
Interest Earned on Invest- ments - Restricted	(2,261,851.03)	(3,429,491.82)
Interest on Revenue Bonds	8,701,980.28	9,291,422.23
Amounts Not Included Above in Determination of Net Income:		
Expenditures of Operating Revenue for Capital Improvements (Note 1C3)	(9,161,656.30)	(1,811,541.30)
Application of Deferred Income from Preceding Year as Reduction of Flight Fees	<u>13,730,138.21</u>	<u>10,772,536.26</u>
"NET REVENUES" AS DEFINED IN BOND ORDINANCE	<u>\$26,290,506.16</u>	<u>\$34,957,410.79</u>
ALLOCATION OF "NET REVENUES" IN ORDER OF PRIORITY (Note 1F):		
Revenue Bond Interest	\$ 8,701,980.28	\$ 9,291,422.23
Debt Service	9,576.00	316,808.00
Revenue Bond Retirement - Minimum Payment	4,452,000.00	4,079,000.00
Reserve Maintenance	1,160,000.00	1,160,000.00
Emergency Reserve	877,220.82	902,979.58
Deferred Income to Reduce Flight Fees in Following Year	5,088,992.34	13,730,138.21
Remainder - Additional Allocation to Revenue Bond Retirement	<u>6,000,736.72</u>	<u>5,477,062.77</u>
TOTAL ALLOCATION OF "NET REVENUES"	<u>\$26,290,506.16</u>	<u>\$34,957,410.79</u>

See notes to financial statements.



CI
CHICAGO-O'HAIANALYSIS OF CHANGE
FOR THE YEAR

	g and eration pansion	Fueling System Expansion	Total
BALANCE - JANUARY 1, 1975	93.36	\$1,161,264.31	\$8,263,027.21
Add:			
Interest Earned on Investments			
Restricted	20.54	57,138.57	500,527.55
Balance	13.90	\$1,218,402.88	\$8,763,554.76
Less:			
Expenditures for Fixed Assets with Revenue Bond Money	31.40	1,030,548.00	4,415,105.91
BALANCE - DECEMBER 31, 1975	82.50	\$ 187,854.88	\$4,348,448.85

Note - Negative amount results

See notes to financial statements

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT
ANALYSIS OF CHANGES IN RESERVE FOR CONSTRUCTION
FOR THE YEAR ENDED DECEMBER 31, 1975

	<u>General Construction of 1968</u>	<u>Elevated Garage</u>	<u>Runway 4R-22L and Land</u>	<u>Pedestrian Tunnels and Access Roads</u>	<u>Heating and Refrigeration Plant Expansion</u>	<u>Fueling System Expansion</u>	<u>Total</u>
BALANCE - JANUARY 1, 1975	\$2,854,298.97	\$317,910.97	\$3,281,967.54	\$347,192.06	\$300,393.36	\$1,161,264.31	\$8,263,027.21
Add:							
Interest Earned on Investments - Restricted	170,666.47	71,661.78	160,874.00	19,666.19	20,520.54	57,138.57	500,527.55
Balance	\$3,024,965.44	\$389,572.75	\$3,442,841.54	\$366,858.25	\$320,913.90	\$1,218,402.88	\$8,763,554.76
Less:							
Expenditures for Fixed Assets Acquired with Revenue Bond Money	-	(175,799.13)	3,442,841.54	49,284.10	68,231.40	1,030,548.00	4,415,105.91
BALANCE - DECEMBER 31, 1975	\$3,024,965.44	\$565,371.88	\$ -	\$317,574.15	\$252,682.50	\$ 187,854.88	\$4,348,448.85

Note - Negative amount results from adjustment to final contract liability.

See notes to financial statements.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES:

A. United States Treasury Bills and Treasury Notes:

Investments in these securities are carried at cost. Interest is accrued only on those securities having stated interest rates, i.e., Treasury Notes. Discounts and premiums are recognized at the time of maturity or sale. The aggregate market value of securities at December 31, 1975, was \$471,312.22 in excess of cost. Components of this excess are as follows:

	<u>Cost</u>	<u>Market</u>
Operation and Maintenance Account:		
Treasury Bills	\$ 3,039,057.94	\$ 3,056,980.19
Special Accounts:		
Treasury Bills	20,580,296.12	20,788,479.13
Treasury Notes	23,018,398.45	23,237,692.20
Construction Accounts:		
Treasury Bills	<u>4,829,264.62</u>	<u>4,855,177.83</u>
Total	<u>\$51,467,017.13</u>	<u>\$51,938,329.35</u>

B. Accounts Receivable:

In accordance with the Revenue Bond Ordinance, all accounts receivable uncollected for a period of thirty days after due date are considered uncollectible and are to be provided for. As of December 31, 1975, an allowance of \$2,093,838.37 is recorded for these accounts. Approximately \$810,000.00 of this amount was subsequently collected through April 30, 1976.

C. Fixed Assets:

All fixed assets are recorded at cost. Land includes the costs of earthwork and landscaping. The financial statements reflect fixed assets acquired with Revenue Bond money and with money from other sources. These sources are:

City money
State and Federal money
Public Utility, Concessionaire
and Airline money

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

C. Fixed Assets (Continued):

At December 31, 1975, the gross amount of those assets acquired with money from other sources is \$107,625,571.24 less allowances for depreciation of \$23,454,481.96. The net amount of these assets is reflected by source in the "Contributions" section of the Balance Sheet.

1. Fixed assets acquired with City money include capitalized interest for the use of City money. Interest is capitalized from the commencement of the land improvement or construction activity through the year of completion.
2. Fixed assets acquired with State and Federal money represent grants received that are reimbursements to the City for fixed assets acquired with City money. These grants are recognized only as received. As of December 31, 1975, a maximum of \$7,825,192.71 may be realized in future periods from such grants.
3. Fixed assets acquired with Public Utility, Concessionaire and Airline money are comprised of direct reimbursements and amounts expended directly and indirectly from operating revenues. The Revenue Bond Ordinance does not allow the expenditure of operating revenues for capital improvements. However, the Airline Representative has agreed to substantially all of these expenditures. Using operating revenues for this purpose has the effect of raising flight fees.

In accordance with the Revenue Bond Ordinance, all replacements of vehicles, furnishings, signs and other equipment are expensed during the year of acquisition.

D. Depreciation and Amortization:

Depreciation on Buildings and Other Facilities is provided on a straight-line basis over the estimated useful life of the individual assets. Depreciation charges are begun in the year following the year of acquisition or completion. Deferred Engineering Costs with an original balance of \$1,226,701.79 are being amortized on a straight-line basis over 25 years.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

E. Revenues:

In accordance with the Revenue Bond Ordinance, all operating revenues and unrestricted interest earned on investments are accounted for through the Revenue Fund. These revenues are to be allocated first to the Operation and Maintenance Account and then allocated in the following order of priority to the following special accounts:

Revenue Bond Interest
Debt Service
Revenue Bond Retirement
Reserve Maintenance
Emergency Reserve
Further explanation of the allocations
for 1975 are detailed in Note 1F.

Restricted interest earned on investments is comprised of:

Special Accounts:	
Reserve Maintenance	\$ 225,514.14
Emergency Reserve	<u>1,535,809.34</u>
Construction Accounts	<u>500,527.55</u>
 Total	 <u>\$2,261,851.03</u>

While the restricted interest of the special accounts is accounted for through the Revenue Fund, no restricted interest is included in the above allocation of revenues. Restricted interest of the construction accounts is accounted for in the individual construction accounts.

F. Allocation of Revenues:

The Revenue Bond Ordinance requires the allocation of revenues for specified purposes in the following order of priority:

1. For ordinary costs of operation and maintenance, but not in excess of the amount budgeted by the City for such purposes.
2. For amounts equal to interest on bonds outstanding. Interest of \$8,701,980.28 was paid during 1975.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

F. Allocation of Revenues (Continued):

3. To maintain the balance of the Debt Service Reserve at an amount equal to two years' interest requirements. During the year all revenue bond issues became fully funded after an allocation of \$9,576.00 was made to the Reserve for the Revenue Bond Series of 1972. Bonds in the principal amount of \$9,477,000.00 were purchased during 1975 and the corresponding interest requirement of \$990,200.00 for 1975 was transferred to the Revenue Bond Retirement Reserve.
4. For required minimum payments to the Revenue Bond Retirement Reserve, which range from \$4,452,000.00 in 1975 to \$14,545,000.00 in 1998. Additional allocations for 1975 are \$990,200.00 and \$6,000,736.72 as explained in Notes F-3 and F-8 respectively. The total allocation to the Revenue Bond Retirement Reserve during 1975 was \$11,442,936.72.
5. For annual payment of \$1,160,000.00 to Reserve Maintenance until \$4,833,334.00 is accumulated in the Reserve. This money is available for the payment of major repairs, renewals and replacements. Expenditures of \$3,692,363.05 were made from this account during 1975 for the specified purposes.
6. To pay to the Emergency Reserve an amount equal to the sum of the annual provisions for depreciation and amortization of fixed and other assets acquired with City money and interest on City money invested in fixed and other assets of the Airport.

The components of this amount for 1975 are:

Depreciation	\$125,508.51
Amortization	49,068.08
Interest	<u>702,644.23</u>
Total	<u>\$877,220.82</u>

Monies held to the credit of the emergency reserve account shall be treated as revenues to provide for the abatement of landing fees in the event that the Airport is closed.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

F. Allocation of Revenues (Continued):

7. To provide for deferred income to reduce future flight fees. To the extent that revenues for the year as defined in the Ordinance, including the application of deferred income from the previous year, exceed "Airport expense" as defined, the excess shall be considered deferred income and as revenues of the next succeeding year. For the year ended December 31, 1975, \$5,088,992.34 has been deferred to reduce flight fees for 1976.
8. To provide for retirement of Revenue Bonds in addition to minimum payment referred to in Note F-4. Any remaining revenues after making the previously listed allocations shall be allocated to the Revenue Bond Retirement Reserve, \$6,000,736.72 was so credited for 1975.

NOTE 2 - REVENUE BONDS AND RETIREMENT

A. Revenue Bonds:

The Chicago-O'Hare International Airport Revenue Bonds were issued under the authority of an ordinance adopted December 29, 1958, and subsequent supplemental ordinances. The Bonds were issued to provide monies for the extension and improvement of the Airport and its facilities. The following information is presented regarding the status of the Bonds as of December 31, 1975:

Amount authorized	\$238,000,000.00
Amount sold	232,000,000.00
Amount called or purchased and retired	77,740,990.00
Amount called or purchased but not presented to bank trustee for retirement	36,010.00
Amount outstanding	154,223,000.00



CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

A. Revenue Bonds (Continued):

The Revenue Bonds outstanding are composed of the following:

4-3/4% Series of 1959	\$ 69,315,000.00
4-3/4% Series A of 1961	14,339,000.00
4-1/4% Series B of 1961	2,094,000.00
4-1/2% Series of 1967	3,078,000.00
5% Series of 1968	12,037,000.00
6.80% Series of March, 1970	45,810,000.00
6% Series of 1972	<u>7,550,000.00</u>
 Total	 <u>\$154,223,000.00</u>

The unexpended proceeds from Revenue Bond issue amounted to \$4,348,448.85 at December 31, 1975. This amount is comprised of:

Construction Accounts' Assets	\$4,948,064.29
Less - Construction Accounts' Liabilities	<u>599,615.44</u>
 Reserve for Construction	 <u>\$4,348,448.85</u>

B. Retirement:

Revenue Bonds are to be retired as rapidly as practicable through the revenues allocated to the Revenue Bond Retirement Reserve. Bonds may be redeemed by call at prices ranging downward from 105% to 100% of principal amount plus accrued interest to December 31, 1991, and thereafter, at par value plus accrued interest. In addition, Bonds may be redeemed by purchase in the open market or tender at prices not in excess of the next predetermined call prices. The following information is presented regarding Bonds purchased for retirement through December 31, 1975:

	1975	Cumulative
Par value of Bonds purchased	\$9,477,000.00	\$77,777,000.00
Cost of Bonds purchased	8,819,852.60	71,918,720.10
Premiums paid on Bonds purchased	60,477.50	581,092.50

Premiums paid on Bonds purchased are charged to Airport operations in the year of payment. Discounts on Bonds purchased are retained in the Bond Retirement Reserve to purchase additional Bonds.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

Bonds also may be redeemed with monies that are not allocations of revenues to the Retirement Reserve. Call prices for this type of redemption have been adopted which exceed the previously referred to call prices by not more than 2% of principal amount. As of December 31, 1975, the City has never opted to retire Airport Bonds by this method.

NOTE 3 - OTHER INFORMATION

A. The Revenue Bond Ordinance provides that "Airport Expense," for the purpose of computing flight fees collectible from the airlines, shall include depreciation and amortization only on fixed assets acquired with City money and interest on City money invested in land, buildings, other facilities and deferred engineering costs. See Note F-6.

B. The Reserve for Matured Interest on Revenue Bonds is comprised of the following:

Payment to bank trustee for coupons due January 1, 1976	\$4,185,500.00
Prior payments to bank trustee - coupons not presented for redemption	<u>462,937.50</u>
Total	<u>\$4,648,437.50</u>

C. The Reserve for Matured Bonds represents bonds called or purchased but not presented to the bank trustee for retirement.

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
(Continued)

NOTE 4 - GENERAL COMMENTS

The financial statements of Chicago in accordance with guidelines for reporting of municipal governments.

As a result, the ending balances had to be adjusted. The following elimination will give the revised opening balances on January 1, 1975.

	Balance <u>January 1, 1975</u>
Anticipated future revenues to be used for retirement of Revenue Bonds outstanding	\$ -
Property Fund - Assets Acquired with Revenue Bond money - Fund Balance	-
Retained Earnings - Excess of Depreciation over Bonds retired	<u>5,058,566.66</u>
Total	<u>\$5,058,566.66</u>

CITY OF CHICAGO
CHICAGO-O'HARE INTERNATIONAL AIRPORT

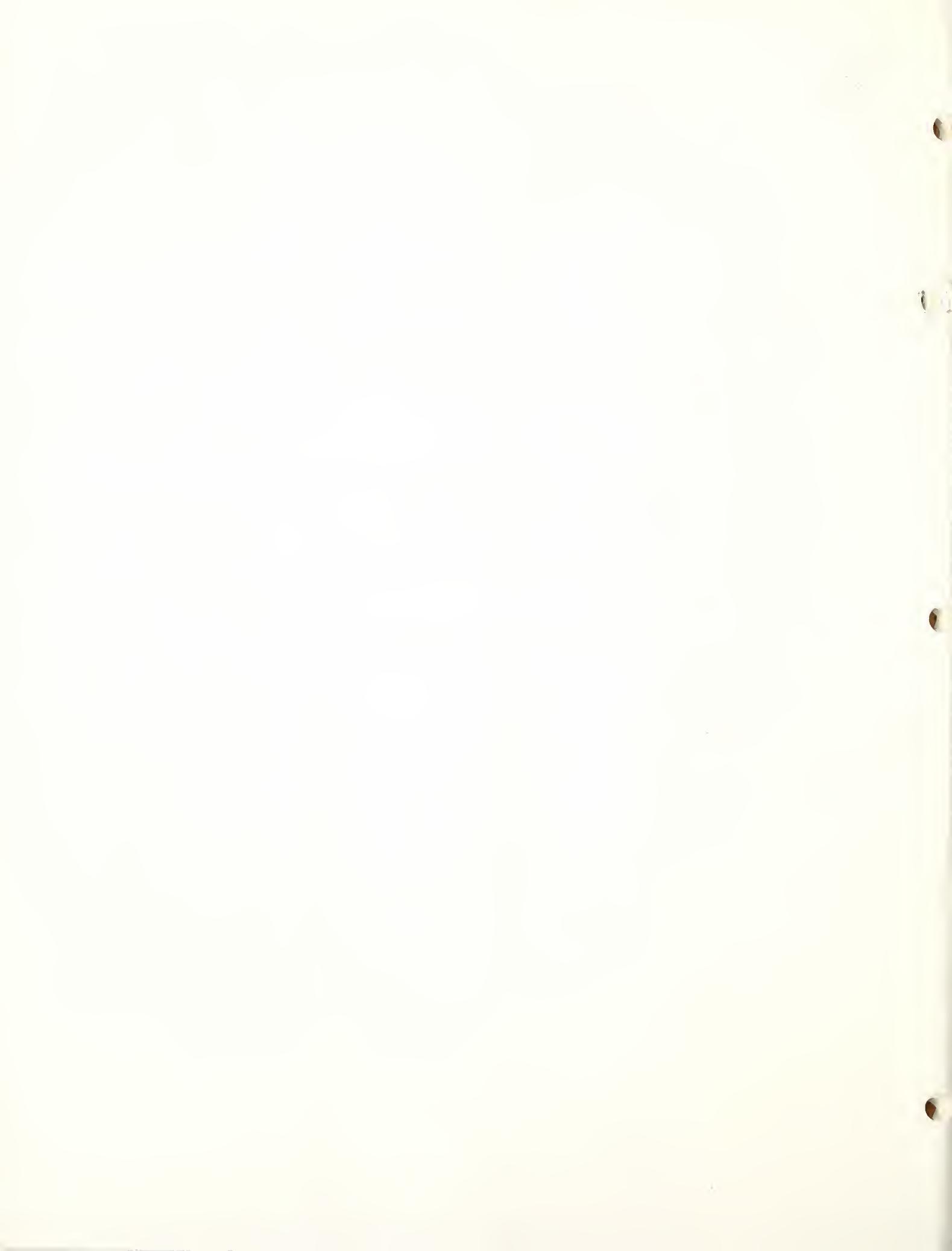
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1975
 (Continued)

NOTE 4 - GENERAL COMMENTS

The financial statements of Chicago-O'Hare International Airport for 1975 are presented in accordance with guidelines for reporting of municipal enterprise funds.

As a result, the ending balances at December 31, 1974 of certain balance sheet accounts had to be adjusted. The following elimination details the changes made in the ending balances to arrive at revised opening balances on January 1, 1975.

	<u>Balance</u> <u>December 31, 1974</u>	<u>Elimination</u>	<u>Balance</u> <u>January 1, 1975</u>
Anticipated future revenues to be used for retirement of Revenue Bonds outstanding	\$ 163,700,000.00	\$(163,700,000.00)	\$ -
Property Fund - Assets Acquired with Revenue Bond money - Fund Balance	(158,641,433.34)	158,641,433.34	-
Retained Earnings - Excess of Depreciation over Bonds retired	_____ -	5,058,566.66	5,058,566.66
Total	<u>\$ 5,058,566.66</u>	<u>\$ -</u>	<u>\$ 5,058,566.66</u>



2/15/2010

WT 190242 1 41 00



HF GROUP-IN

